

# Farm Analysis Bulletin

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## A Portrait of Participants in Crop Insurance Programs

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### Introduction

Crop insurance programs are some of Canadian farmers' risk management tools under the Agricultural Policy Framework (APF). Crop insurance provides production risk protection to producers by minimizing the economic effects of crop losses caused by natural hazards.

This report provides a portrait of both participants and non-participants in crop insurance programs.

Crop insurance is provincially delivered whereby federal financial contributions are made to provincial crop insurance programs. Federal contributions to crop insurance are provided under the authority of the Farm Income Protection Act (FIPA). For the fiscal year 2003/04, the federal government spent \$403.6 million on crop insurance programs.

### Data Source

This report uses data from the 2000 to 2004 Farm Financial Surveys (FFS). The FFS collects information on the financial situation of Canadian farms. Information is collected on characteristics of the land use, livestock and poultry numbers, capital investments/sales, revenues and expenses, assets and liabilities and programs payments. Characteristics such as age and off-farm income of the farm operator are also collected.

### KEY FINDINGS

- ***Participation rate in crop insurance programs has increased slightly since 1999.***
- ***Large farms are more likely to participate in crop insurance programs.***
- ***Grains and oilseeds farms are more likely to participate in crop insurance programs.***
- ***The higher participation rate in the Prairie provinces is due to the large share of grains and oilseeds farms in the prairie agricultural sector.***



## The percentage of farms participating in crop insurance programs has increased slightly since 1999

- The percentage of farms participating in crop insurance programs increased slightly from 49% in 1999 to 53% in 2003.
- In 2003, 65% of Canadian cropland was insured under crop insurance programs compared to 56% in 1999.

Figure 1: Participation in crop insurance programs - percentage of farms

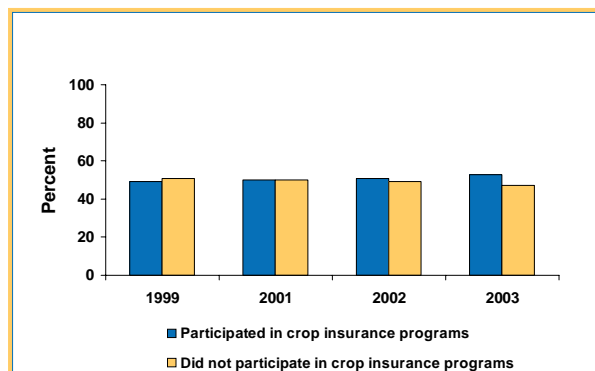
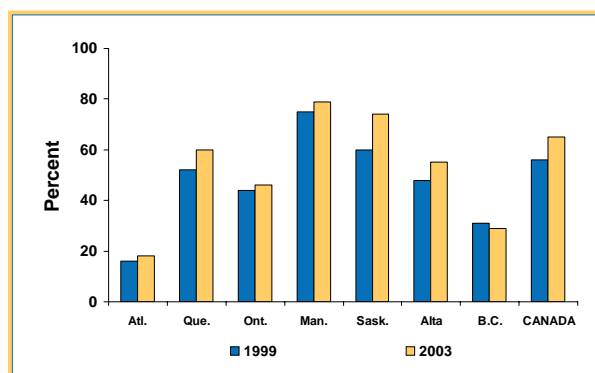


Figure 2: Percentage of cropland insured

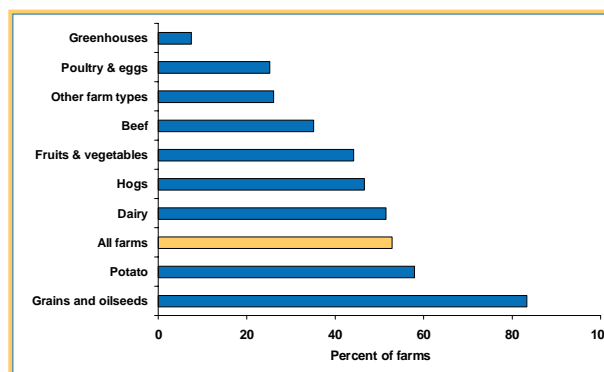


- In 2003, the cropland insured in Saskatchewan was up 22% compared to 1999.

## Grains and oilseeds farms reported the highest percentage of farms participating crop insurance programs

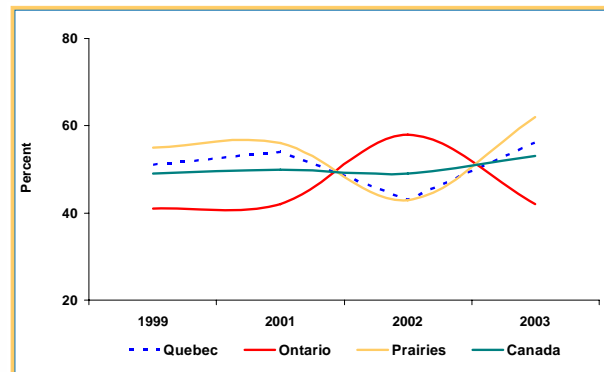
- In 2003, 82% of grains and oilseeds farms participated in crop insurance programs
- Participation rates for grains and oilseeds farms ranged from 78% for eastern provinces to 85% for western provinces.
- Over 90% of land insured under crop insurance was seeded to grains and oilseeds.
- Potato farms and fruits and vegetables farms had participation rates in 2003 of 58% and 44%, respectively

Figure 3: Percentage of farms that participated in crop insurance programs



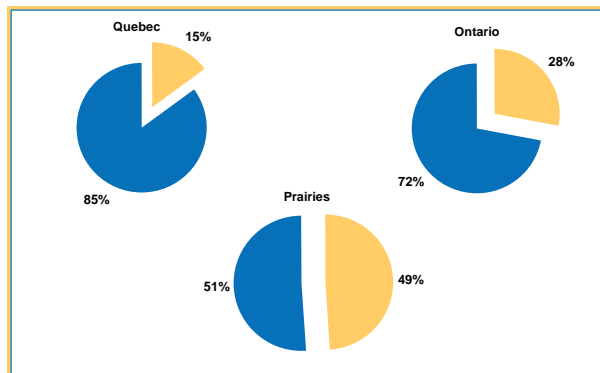
## Farmers in the Prairie provinces are more likely to participate in crop insurance programs than farmers in other provinces

Figure 4: Percentage of farms participating in crop insurance programs



- In 2003, 62% of farms in the Prairies participated in crop insurance programs compared to 56% for Quebec and 42% for Ontario.

Figure 5: Grains and oilseeds farms as percentage of total farms

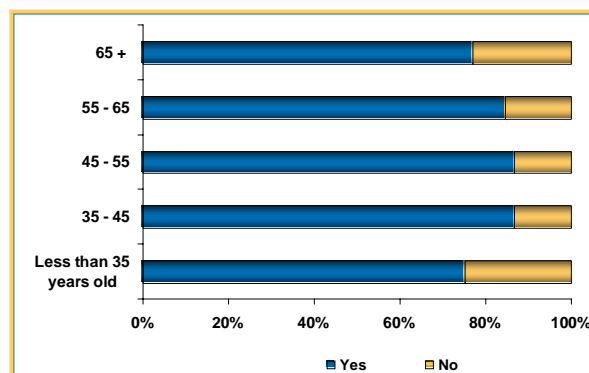


- The higher participation rate in the Prairie provinces is due to the large share of grains and oilseeds farms in the Prairie agricultural sector relative to Quebec and Ontario.

## Grains and oilseeds farmers aged between 35 and 65 years are more likely to participate in crop insurance programs

- In 2003, the participation rate among grains and oilseeds farmers aged between 35 and 65 years ranged from 84% to 86%.
- Farmers less than 35 years and greater than 65 years old had participation rates in 2003 of 75% and 77% respectively.
- Since 1999, the participation rate for all age groups has been increasing.

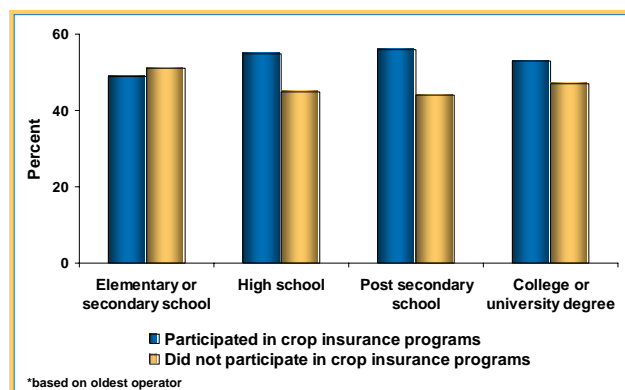
Figure 6: Participation in crop insurance programs for G&O farms - 2003



## Farmers who completed secondary school or higher are more likely to participate in crop insurance programs

- In 2003, the participation rate for farmers who completed at least high school was 55% compared to 49% for farmers who completed some elementary or secondary school.

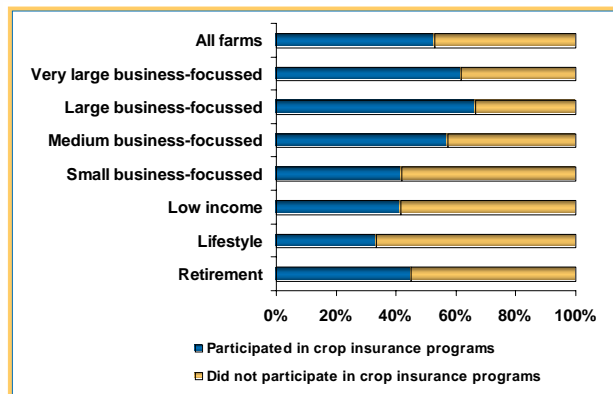
Figure 7: Percentage of farmers\* by education level - 2003



## Business-focussed farms are more likely to participate in crop insurance programs than others

- In 2003, 67% of large business-focussed farms participated in the crop insurance programs compared to only 34% for lifestyle farms.
- The same trend is observed in previous years.

Figure 8: Percentage of farms by typology - 2003



## Large farms are also more likely to participate in crop insurance programs

- In 2003, more than 80% of farms with 800 or more acres of crop land participated in the crop insurance programs compared to just 30% of farms with less than 100 acres. The same distribution is observed in previous years.

Figure 9: Percentage of farms by cropland operated - 2003

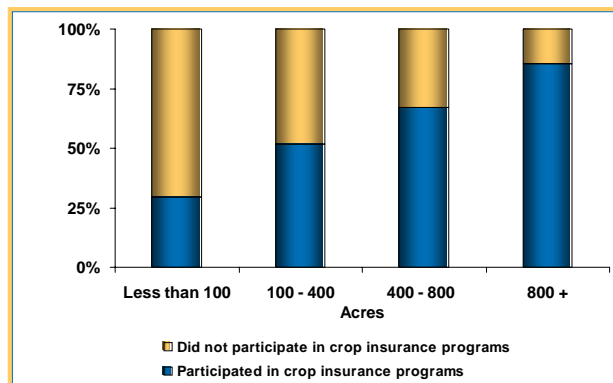
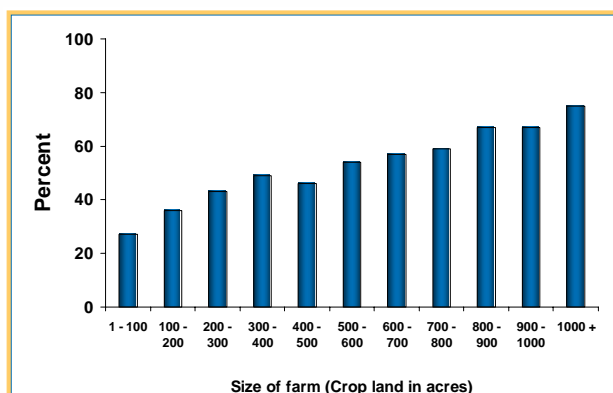


Figure 10: Percentage of cropland insured - 2003



- In addition, the greater the size of farm in terms of cropland, the greater is the percentage of cropland insured.

## The greater the farm's asset value, the greater is the probability of participation in crop insurance programs

Figure 11: Percentage of farms by asset class - 2003

- In 2003, 60% of farms that had assets of more than \$500,000 participated in crop insurance programs compared to 35% for those with an average asset value of less than \$250,000.

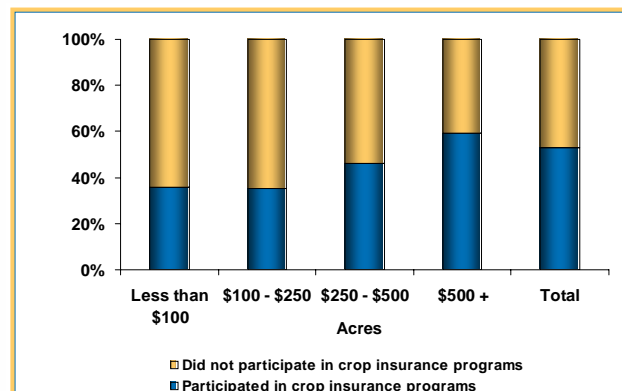
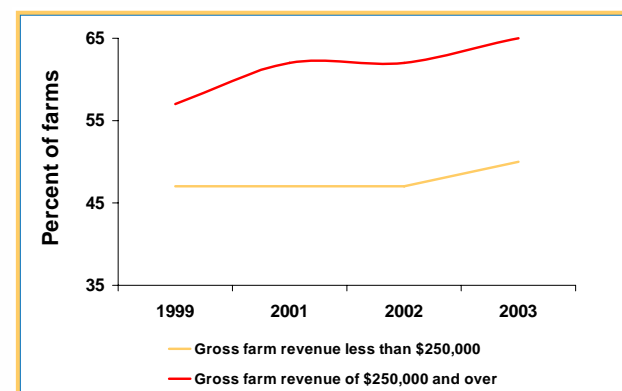


Figure 12: Percent of farms that participated in crop insurance programs

- Similarly, in 2003, farms with sales greater than \$500,000 were more likely to participate in crop insurance programs (65%) than farms with sales less than \$250,000 (50%).



## Farms participating in crop insurance programs have, on average, less off-farm income

- In 2003, the average off-farm income gap between farms that participated in crop insurance programs and those that did not was about \$6,000.
- The same trend was observed for grains and oilseeds farms. In 2003, the average difference in off-farm income between participants and non-participants was about \$10,000.

Table 1: Average off-farm income

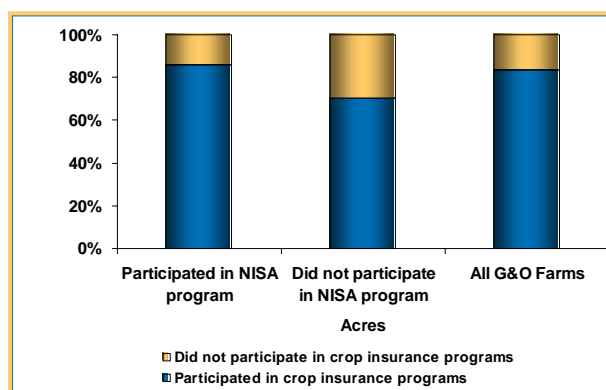
	Participation in Crop Insurance Programs	
	Yes	No
1999	\$26,199	\$27,768
2001	\$28,014	\$33,888
2002	\$29,058	\$35,674
2003	\$31,916	\$37,473

Table 2: Average off-farm income - grains and oilseeds farms

	Participation in Crop Insurance Programs	
	Yes	No
1999	\$28,791	\$30,917
2001	\$31,501	\$37,896
2002	\$32,402	\$39,682
2003	\$35,834	\$45,727

## Grains and oilseeds farms that participated in other programs are more likely to participate in crop insurance programs<sup>1</sup>

Figure 13: Percentage of grains and oilseeds farms - 2003



- In 2003, more than 80% of farms that reported participating in the Net Income Stabilization Account (NISA) program were also in the crop insurance programs.

- Farms with higher gross revenue are more likely to participate in both NISA and crop insurance programs. In 2003, 92% of large grains and oilseeds farms participated in both NISA and crop insurance programs compared to 66% of small farms.

Table 3: Percentage of grains and oilseeds farms - 2003

	Have participated in NISA	Participated in Crop Insurance programs	Participated in both NISA and Crop Insurance programs
Under \$100,000	74	83	66
\$100,000 - \$250,000	90	95	86
\$250,000 and over	94	97	92
Total	83	89	77

1. Quebec farms are excluded. Quebec farms participate in the Compte de Stabilisation du Revenu Agricole (CSRA) program instead of NISA.

